

Financial Planning: for young people is all about taking charge of their circumstances.

~It takes more than luck to get what you want out of life.

~You have to know what you want & commit to a plan to meet your goals. You can miss out on becoming financially independent because of failure to plan!

When do you start planning? It can start as soon as now!

What are the **Myths & Realities of Financial Planning?**

MYTH	REALITY
I don't earn enough money to need a financial plan.	A financial plan is a tool that helps people to live within their income. It also allows them to make better use of their money.
Investing is just for people with a lot of money.	Investing is for all income levels! People don't have to be rich to begin investing but they must have an understanding of basic investment products and their risks and rewards.
I don't need to think about saving for retirement; I'm only 17! (or close to it)	Today's people can expect to live 20 or more years in retirement. Those who begin early to contribute to a retirement savings plan are more likely to have money for a comfortable retirement than those who do not. Saving small amounts of money over a long time makes use of the magic of compounding. Employer-based savings programs are tax-deferred, and the employer may contribute to your account as well. That's Free Money!!
Social Security is a business-funded program to provide financial aid to people who are	Social Security is an employer and employee funded government program that provides a base-level retirement income. It is not

retired.	<p>designed to be the sole source of retirement income.</p> <p>Individuals are responsible for filling the gap between income they will need in retirement and the money provided by Social Security. The additional funds can come from employer-based retirement savings plans, personal savings, and Individual Retirement Accounts (IRAs).</p>
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Think about it:

- How much money do you spend every week to enjoy the things you do? *Write down an answer in your notes! Don't just answer Yes/No; you must justify your answer (give a reason why) – 1 or 2 sentences.*
- Could you spend 10 percent less money than you do now and still enjoy life? *Write down this answer as well and justify it. It only needs to be a sentence or 2!*
- If you could save 10 percent of your income for future purposes, what goal would you set? *This should be easy to answer – we've already discussed setting financial goals SMART!!*

Remember: Failure to plan may result in a life filled with limitations!

Benefits of Financial Planning:

Just over 30 years ago (in 1970), only 44% of college age freshmen were concerned about their future financial security. What is it today? Over 75% are thinking about it! That means students like you have already begun financial planning for your future!!

So why are you planning financially? Because it helps you

- Take charge of your economic destiny
- Live within your income (live within your means)
- Identify financial priorities

- Allocate (divide & assign) funds to meet expenses
- Meet financial emergencies and reduce undue dependence on credit
- Reduce uncertainty and conflict about financial affairs
- Gain a sense of financial independence and control
- Save and invest to reach financial goals.

Why Should I Plan?

Financial responsibilities change throughout life. Common mistake: Only “Old Folks” with money need to plan finances. **WRONG!!** Planning now helps you move into adulthood and makes it easier to face the following tasks:

- Selecting and training for a career
- Starting a family
- Maintaining a good credit record
- Developing a personal financial plan
- Beginning a savings and investment program for life

Financial Planning: An Overview

Financial Planning is a tool to help you reach your goals, not restrain you from having a good time and enjoying life. It is like a road map. This road map helps to plan a trip to an unfamiliar destination. It is a necessary tool to arrive successfully at the destination!

Financial Plans work best when they are simple, uses realistic income/expense estimates, and is periodically reviewed and adjusted to reflect ever-changing needs, wants, goals, & values!! Biggest mistake: preparing a financial plan and failing to follow through.